



United States Department of the Interior

FISH AND WILDLIFE SERVICE

Washington, D.C. 20240



In Reply Refer To:
FWS/DF

Memorandum

SEP 13 2000

To: Service Directorate

From: Director

Subject: Administrative Support Cost Recovery Rates for Fiscal Years 2001 and 2002

This memorandum advises all Service entities of changes in the Service's administrative support cost recovery rates and waiver process effective October 1, 2000. Please ensure that your project leaders and organizations receive this information as soon as possible.

Administrative support cost rates are required to recover costs that are incurred when the Service performs work on a reimbursable basis. Recovering these funds is critically important, because the Service does not receive funding to provide administrative support for reimbursable agreements through the traditional appropriation process.

Approximately 800 Service employees (10 percent of our workforce) are employed by reimbursable work. These FTEs use Service leased space, phones, postage, contracting and procurement offices, Federal payroll and financial systems and information technology infrastructure. A recent analysis indicates that the Service is not adequately recovering its indirect costs for these agreements. In fact, the Service is recovering only 4 percent of the standard 22 percent rate. This poor rate of recovery has been caused by the waiving or reducing of our standard rate on reimbursable agreements. As a result, it is estimated that the Resource Management appropriation has absorbed approximately \$6 million in unrecovered administrative support costs.

To remedy this situation, the Service has reexamined its rates for recovering these administrative support costs and has established new rates based on an extensive Regional and Washington Office review and analysis of the Service's cost recovery policies and processes. This review also determined that the current waiver process should be eliminated and replaced with exceptions to policy granted only by the Director. Attached is a summary table displaying the new rates compared to the current cost recovery rates as well as a copy of the new request form used when requesting exceptions to policy.

Please note that the new rates will be applied to all FY 2001 reimbursable activities/funding. The new rates will apply to new agreements negotiated for FY 2001 and also for the FY 2001 funding increments of multi-year agreements that have been previously processed with work continuing into FY 2001.

An updated policy to replace 264 FW 1-2 will be developed in support of the new rate structure and provide specific guidance for exceptions to this policy. As of October 10, 2000, all existing waivers will become null and void and offices may only request exceptions to policy. Exceptions will be granted sparingly and requesting entities must fully support and display any and all unrecovered cost associated with a project. Attachment #2 provides a template for identifying unrecovered costs.

If you have any questions, please contact the Assistant Director for Business Management and Operations, Paul Henne, at (202) 208-4888.

Attachments

**Administrative Support Cost Rate Structure -
Effective October 1, 2000**

Rate	Code	Description	Prior Rate	New Rate
Standard Rate	s	The standard rate will be used with standard operational agreements in which the services or activities are performed by Service personnel that are located in leased facilities. This rate covers costs for leased space, payroll/personnel/finance systems, phones, postage, contracting/procurement activities and information technology infrastructure.	22%	20%
Standard Rate for Service-owned Facilities	d-1	This rate applies to agreements in which services or activities are performed by Service personnel located in Service-owned facilities or in cases where a hosting agency or partner provides space for staff. This rate covers costs for payroll/personnel/finance systems, phones, postage, contracting/procurement activities and information system infrastructure.	n/a	14%
Pass-through	d-2	A pass-through agreement is a funding mechanism utilized to direct funding to external entities, particularly 1.) State, local or tribal governments; or 2.) institutions of higher education; or 3.) nonprofit organizations. These agreements involve strictly acquisition or financial processing services. Agreements may be separated into a pass-through component and a component receiving the Standard Rate where the Service has a great deal of staffed activity. The pass-through rate will apply to Construction, Land Acquisition, Private Lands and On Service Lands agreements.	11%	4.5%
Pass-through initiated by DOI Office of the Secretary	d-3	Agreements receive the same pass-through rate, unless otherwise stated by the Secretary or prohibited by legislation.	0%	4.5%
International Agreements	d-4	These agreements will receive the standard rate, but allow for exceptions, in accordance with OMB Circular A-25.	n/a	20%
Fish & Wildlife Coordination Act (FWCA)	d-5	This rate is used with U.S. Army Corps of Engineers and Bureau of Reclamation agreements while carrying out the provisions of the Act.	38%	38%
NRDAR/OPA	d-6	This rate will be incorporated in settlement agreements when developing estimates for submission to Department of Justice for assessment/restoration work.	0%	4.5% -20%
EPA Superfund	d-7	Administrative support costs will be billed directly to the Division of Environmental Contaminants.	0%	n/a

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USGS/BRD	z	A reciprocal 0% rate is used when the U.S. Geological Survey/Biological Research Division is the direct recipient of FWS services. If the BRD is the pass-through agency, meaning it is receiving funding from other cooperators and passing it through to the FWS, the 0% rate does not apply.	0%	0%
Intra-agency/Interagency Personnel Agreements (IPA)	z	A 0% rate is used when personnel are detailed to other bureaus and/or agencies where there are no additional costs incurred for space, phones, postage, etc.	0%	0%
Emergency Supplemental	z	This 0% rate may only be used with emergency subactivities.	0%	0%